

Beneficial Interest News for South Carolina

Please be advised the Farm Service Agency is implementing an amended policy and procedures for **beneficial interest**. This policy will be effective for the 2006 and subsequent crop years. This notification is limited to changes as it applies to unapproved public facilities and open storage in South Carolina. For a complete review of all changes being implemented see 7-CFR Part 1421, published in the Federal Register, Vol. 71, No. 108, on Tuesday, June 6, 2006.

Unapproved Facilities:

Producers who deliver commodities to a facility where the commodity is commingled with commodities from other producers are ineligible for an MAL or LDP, if the facility is not authorized by State or Federal law to store such commodities for the benefit of producers. Therefore, delivery of commodities to a location that is not considered a CCC-approved or State or Federally licensed facility will result in the loss of beneficial interest in the commodity on the date of physical delivery.

Deliveries of a commodity to entities such as a dairy, feedlot, pit, ethanol plant, wool pool, feed mill, or any other unapproved storage facility, will result in the loss of beneficial interest on the date of delivery, **regardless** of any other action or agreement between such an entity and the producer.



Open Storage

Producers who deliver to a CCC-approved warehouse, Federally or State licensed warehouse **must** be able to receive from the warehouse a negotiable warehouse receipt or other acceptable production evidence, if requested.

Producers who deliver to a South Carolina State-licensed facility must within 30 days after placing commodity in open storage do either:

- Apply the commodity to a contract
- Place the commodity into warehouse inventory that would enable the producer to obtain a warehouse receipt indicating title and control remains with the producer. *Therefore, on or after the 31st calendar day, if the producer elects to store the commodity at the warehouse, the warehouse must be able to issue a negotiable warehouse receipt. (National Notice LP-2035)*

Beneficial interest is the core eligibility requirement for Marketing Assistance Loans (MAL's) and Loan Deficiency Payments (LDP's). To obtain MAL or LDP, producers must maintain beneficial interest in the commodity at the time of request. Therefore, producers must file page one of Form CCC-633 EZ **before** losing beneficial interest in the commodities they produce on the farm. Producers delivering a commodity to an unapproved public facility may receive LDP based on the rate on the date of delivery to that facility.

Contact your local County FSA Office for a list of public facilities in South Carolina that are authorized by State or Federal law to store such commodities for the benefit of producers.